
SENATE COMMITTEE ON ENVIRONMENTAL QUALITY

Senator Allen, Chair

2021 - 2022 Regular

Bill No: SB 223
Author: Dodd
Version: 4/20/2021
Urgency: No
Consultant: Gabrielle Meindl

Hearing Date: 4/29/2021
Fiscal: Yes

SUBJECT: Discontinuation of residential water service

DIGEST: This bill makes numerous changes to expand provisions related to prohibiting discontinuation of residential water service due to nonpayment. These provisions include: applying these provisions to very small community water systems, as specified; expanding the conditions that must be met to discontinue water service (such as expanding the duration of delinquency); and consideration of arrearage management plans (AMPs) with debt forgiveness for water systems to aid low-income residential customers.

Due to the COVID-19 Pandemic and the unprecedented nature of the 2021 Legislative Session, all Senate Policy Committees are working under a compressed timeline. This timeline does not allow this bill to be referred and heard by more than two committees as a typical timeline would allow. In order to fully vet the contents of this measure for the benefit of Senators and the public, this analysis includes information from the Senate Judiciary Committee.

ANALYSIS:

Existing law:

- 1) Establishes the State Water Resources Control Board (State Water Board) and requires the State Water Board to administer provisions relating to the regulation of drinking water to protect public health, including, but not limited to, conducting research, studies, and demonstration programs relating to the provision of a dependable, safe supply of drinking water, enforcing the Federal Safe Drinking Water Act, adoption of enforcement regulations, and conducting studies and investigations to assess the quality of water in domestic water supplies. (Water Code §174 et seq. and Health and Safety Code (HSC) §116271)

- 2) Establishes the California Public Utilities Commission (CPUC) regulatory authority over public utilities, including water corporations. (California Constitution Article XII)
- 3) Prohibits an urban and community water system, defined as a public water system that supplies water to more than 200 service connections, from discontinuing residential water service for nonpayment until a payment by a customer has been delinquent for at least 60 days. (Health and Safety Code (HSC) §116908)
- 4) Requires an urban and community water system to have a written policy on discontinuation of residential service for nonpayment, including, among other things, specified options for addressing the nonpayment and provide notice of that policy to customers, as provided. (HSC §116908)
- 5) Prohibits an urban and community water system from discontinuing residential service for nonpayment if certain conditions are met, including that the customer or a tenant submits certification that discontinuation of residential service will be life-threatening to, or pose a serious threat to the health and safety of, a resident of the premises. (HSC § 116910)
- 6) Requires an urban and community water system to impose specified fees for reconnection of service for customers with a household income below 200 percent of the federal poverty line. (HSC § 116914)
- 7) Authorizes the Attorney General to enforce the requirements imposed on urban and community water systems in connection with discontinuing residential service for nonpayment by seeking an injunction, as specified. (HSC § 116920)
- 8) Requires an urban and community water system or very small water system to report annually the number of discontinuations of residential service for inability to pay, as specified, on the water system's website, if an internet website exists, and to the State Water Board. (HSC § 116918)
- 9) Under Proposition 218, imposes certain constitutional restrictions and procedures on local governments before the local government can impose or increase any fee or charge upon a parcel or upon a person incident of property ownership, including a user fee or charge for a property related service. (Sec. 6, Art, XIII D, Cal. Const.)

- a) Requires revenues derived from the fee or charge to not exceed the funds required to provide the property related service.
 - b) Requires the fee or charge imposed on any parcel or person incident of property ownership to be proportional to the cost of the service.
- 10) Requires the CPUC to consider programs to provide rate relief for low-income ratepayers of water corporations. (Public Utilities Code §739.8)
- 11) Declares to be the established policy of the state that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking and sanitary purposes. (Water Code § 106.3)

This bill:

- 1) Applies existing provisions related to prohibiting discontinuing residential water service for nonpayment, on and after July 1, 2022, to a very small community water system, defined as a public water system that supplies water to 200 or fewer service connections used by yearlong residents.
- 2) Requires the written policy on discontinuation of residential service for nonpayment to include an arrearage management plan (AMP), as specified, and, for those systems that provide water use audits or have the capacity to do so, to include a water use audit offered at no additional charge to low-income households.
- 3) Requires the State Water Board to provide technical assistance to very small community water systems, as appropriate, to assist with compliance with these requirements and to establish a bridge loan program to assist very small community water systems that may suffer revenue loss or delayed collection while complying with these requirements. Additionally, requires the SWRCB to develop a template for a written policy on discontinuation of residential service for nonpayment, on or before September 1, 2022, to aid very small community water systems in complying with the requirement to have a written policy on discontinuation of residential service for nonpayment.
- 4) Revises the conditions under which urban and community water systems and very small community water systems can discontinue residential service for nonpayment by prohibiting discontinuation:
 - a) Until a payment by a customer has been delinquent for at least 90, rather than 60, days or the total amount of the delinquency, exclusive of late charges and interest, is at least \$250.

- b) If a residential water customer who pays a water bill that is combined with billing for other services, including but not limited to, sewer service or electricity service, paid an amount equal to or greater than the monthly charge for water service.
 - c) To a master-metered multifamily residence with at least 4 units or to a master-metered mobile home park.
 - d) If a residential customer, or tenant of the customer, self-certifies in writing, under penalty of perjury, that they do not have a primary care provider and that discontinuation of residential service will be life-threatening to, or pose a serious threat to, a resident of the premises, including the presence of a resident younger than 18 year of age.
 - e) During a state or local emergency when the area of the declared state or local emergency encompasses the customer's residence, unless the entity declaring the emergency finds that the emergency will not impact the customers' ability to pay for residential service.
- 5) Requires an urban and community water system and very small community water system to waive fees for disconnection and reconnection of service for low-income customers, as specified.
- 6) Requires the CPUC, by January 1, 2023, in an existing or new proceeding, to *consider* whether to establish a pilot program for an AMP program to be offered by urban and community water systems regulated by the CPUC to eligible low-income customers, as specified. If the CPUC establishes such a pilot program, requires it provide an evaluation of the program and sunset the pilot program no later than four years if the evaluation determines it is not in the interest of all ratepayers.
- 7) Requires an urban and community water system not regulated by the CPUC to, by January 1, 2023, or during its next rate study, whichever comes first, determine whether it *may* offer an AMP to aid low-income residential customers with household income below 200 percent of the federal poverty line with high arrearages for water or wastewater service without using ratepayer funds from customers who are not enrolled in the arrearage management plan. Authorizes such water systems to *consider* specified criteria in evaluating whether it may offer an AMP, including other system priorities that may limit the ability of establishing an AMP, such as the need for water quality improvements and infrastructure upgrades. Requires *consideration* of specified actions if an urban and community water system, based on the required evaluation, finds that it may not offer an AMP.

- 8) Authorizes the State Water Board to issue an order to an urban and community water system or very small community water system to enforce these requirements, or to seek an injunction, as specified.
- 9) Requires an urban and community water system to report certain information to the State Water Board during the reporting year that it completes a specified evaluation. This bill would require, by January 1, 2024, the State Water Board to complete a report to the Legislature on AMPs that includes whether and to what extent urban and community water systems have offered AMPs, any identified barriers, any identified alternatives, and all available information regarding reduction in shutoffs and revenue impacts.

Background

- 1) *Water utilities.* California residents are served by various types of water utilities or water systems, including publicly owned utilities, investor-owned utilities, small community water systems.
 - a) *Publicly owned water utilities.* The majority of California's residential water customers are served by cities, special districts, and mutual water companies. These utilities are governed by the city council, or other local governing body, which set their own water rates. As established by Proposition 218 (1996), the majority of these utilities are subject to state constitutional and statutory requirements that ensure water rates are directly tied to the cost-of-service. As a result, these utilities are not able to increase rates in order to fund low-income rate relief programs for customers.
 - b) *CPUC-regulated water utilities.* The CPUC has jurisdiction over water companies that provide water service to about 16 percent of California's residents with annual water and wastewater revenues totaling about \$1.4 billion. Approximately 95 percent of those residents are served by nine large water utilities, each serving more than 10,000 service connections. Combined, the nine largest utilities serve approximately 1.175 million customers. However, the majority of the CPUC-regulated water utilities (92) have service connections of 2,000 or less, and 87 of those have service connections of 500 or less. As with other investor-owned utilities, the CPUC regulates rates of the water utilities under its jurisdiction, as well as, rules regarding discontinuation of service due to nonpayment.
- 2) *CPUC vs. State Water Board.* Under existing law, the CPUC generally has authority over the regulation of services and utilities and assures that California

residents have access to safe and reliable utility infrastructure and services from privately-owned utilities, including water companies. In comparison, the State Water Board has regulatory authority over the quality of the state's water resources and drinking water. The State Water Board is involved with the quality of the water, especially drinking water, whereas the CPUC is involved with the supply and access to that water.

- 3) *SB 998 (Dodd, Chapter 891, Statutes of 2018)*. SB 998 made numerous changes to the policies to discontinue residential water service due to nonpayment. Specifically, B 998 requires all public water systems (with more than 200 service connections) to have a written policy on discontinuation of residential water service due to nonpayment, provides that policy in multiple languages, include provisions for not shutting off water for certain customers that meet specified criteria, prohibits the shutoff of water service until the residential water bill has been delinquent for 60 days, and cap the reconnection fees for restoring water service. SB 998 required that CPUC-regulated water utilities and publicly-owned urban water suppliers comply with these policies by February 1, 2020 and other smaller water utility providers (under 3,000 connections) by April 1, 2020.
- 4) *Proposition 218*. As noted above, publicly-owned water utilities are subject to differing constraints on their ability to collect rates for rate relief from one customer to another. Specifically, as acknowledged by the SB 401 (Dodd, Chapter 662, Statutes of 2015) report:

Article XIID of the California Constitution, added by Proposition 218 in 1996, requires, among other things, that the revenues derived from property related fees and charges not exceed the funds required to provide the property related service... Proposition 218 also requires that property related fees and charges not exceed the proportional cost of service attributable to the property. In addition, the service for which a fee or charge is imposed must be immediately available to the property owner, rather than for future or potential use... The systems bear the burden of proving compliance with these cost-of-service requirements. These substantive restrictions on ratemaking by publicly owned water systems prevent subsidization of one customer's water rates by another...

- 5) *Arrearage Management Plans (AMPs)*. An AMP is a policy that is intended to help low-income customers who have fallen into debt on their utility bills catch back up. Specifically, the proposed AMP is a repayment plan where 1/12 of the outstanding debt is forgiven with each on-time payment of the monthly water bill. After 12 on time payments, the balance of the debt is fully forgiven.

According to material provided by the author, studies show these plans often benefit both the customer and the utility.

The CPUC recently added AMPs as a new tool to help customers of CPUC-regulated energy utilities in order to reduce discontinuation of service due to nonpayment. In June 2020, the CPUC adopted an AMP for energy customers that will only be open to qualifying low-income customers (identified as California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) customers) that have \$500 in arrears which are at least 90 days old, have been a customer for at least six months and have had at least one on-time payment. With its nascent use, the CPUC will sunset the AMP provisions in four years, if they do not reauthorize AMPs in a proposed three year review.

- 6) *COVID-19 crisis prompts statewide moratorium.* On March 16, 2020, Governor Newsom issued Executive Order N-28-20 requesting the CPUC monitor measures undertaken by public and private utilities to implement customer service protections in response to COVID-19 pandemic. On March 17, 2020, the CPUC's Executive Director issued a letter to Class A & B water utilities (the largest) ordering immediate protections for water utility customers, including a moratorium on disconnections. Utilities were required to extend protections to customers affected by the COVID-19 pandemic, particularly the suspension of disconnections of delinquent accounts and to provide reasonable payment options. On April 2, 2020, Governor Newsom issued Executive Order N-42-20 which prohibits water systems from discontinuing residential water service and water service to small businesses in a critical infrastructure sector. Both moratoriums are still in place.
- 7) *Prevalence of water shutoffs prior to COVID-19 moratorium.* According to the Pacific Institute April 2020 report, in 2018, at least 196,800 single-family households had their water shut off for nonpayment, impacting an estimated 583,000 Californians. According to data self-reported to the State Water Board, in 2019, a similar number of households experienced loss of water service. The State Water Board also estimated that California's water rates rose more than 45 percent on average between 2007 and 2015. According to the State Water Board Affordability threshold, water is deemed unaffordable if it exceeds 1.5 percent of household income. According to the Office of Environmental Health Hazard Assessment, based on a January 2021 report, "water bills exceeded 1.5 percent of poverty-level incomes in the county where the system is based" in a majority of water systems.

Comments

- 1) *Purpose of Bill.* According to the author, “Access to an adequate supply of safe tap water is a human right, and no California family should lose access to drinking water due to inability to pay. SB 223 strengthens and extends existing statutorily-required protocols and procedures to protect low-income households that face or have already experienced water service disconnections due to the inability to pay their water bill. The bill builds on SB 998 (2018) by extending protections to very small community water systems with fewer than 200 connections, and strengthening existing law to ensure that water shutoffs are used only as a last resort after efforts to work with the customer have failed.”
- 2) *Since the full provisions of SB 998 just went into effect in 2020 – why aren’t we giving them time before assessing if further legislation is needed?* As noted above, SB 223 bill expands numerous provisions related to discontinuation of water service due to nonpayment. Most significantly, this bill expands provisions from SB 998 to very small community water systems (those with fewer than 200 service connections), waives fees for disconnection and reconnection of service for low-income customers, and expands the conditions prohibiting discontinuation of residential water service.

The timing of the COVID-19 crisis and subsequent moratorium on suspension of discontinuation of residential water service enacted in March 2020 and still in existence today, means that the provisions adopted in SB 998 have not been lived by residential customers or water service providers. The CPUC-regulated water utilities and publicly-owned urban water suppliers had only recently enacted the provisions (February 1, 2020) and the other water service providers had, yet, to do so (April 1, 2020), before the current moratorium was adopted in March 2020. As such, water utilities' and CPUC's disconnection moratoriums appear to have temporarily shielded customers from losing water service during the pandemic, while also suspended the need and lived experience of SB 998.

Proponents argue that while “SB 998 provides an important foundation, the pandemic has illustrated just how vulnerable many California families are... The State Water Board estimates that 500,000 Californians suffered water shutoffs in 2019” demonstrating the need to address these gaps “as quickly as possible to avoid families losing access to water and better put them on track to repayment.”

According to opponents, public water agencies have spent more than a year drafting new shutoff policies and taking logistical steps necessary to comply with SB 998. “SB 223 proposes substantial changes to SB 998 before it has

even been implemented.” “There is no evidence that those new requirements (SB 998) are not sufficient to address these concerns.” “The State should give water agencies an opportunity to successfully implement SB 998 and examine the impacts of the law after we can properly assess its impact of residential shutoffs.”

- 3) *Proposition 26 and disconnection/reconnection fees.* SB 223 requires an urban and community water systems and very small community water systems to waive the disconnection and reconnection fees for customers whose household income is below 200 percent of the federal poverty line. There are no provisions in SB 223 which would allow these water systems to recoup their costs and it is unclear how a publically-owned utility would do so.

Opponents to this provision argue that waiving these fees is problematic. “Disconnecting and reconnecting service have cost implications and this, along with Proposition 26 concerns and the other provisions in the bill, eat away at a water system’s ability to operate.” A question arises as to whether waiving disconnection and reconnection fees for certain customers could result in increased fees for other customers.

Proposition 26 (2010) builds on the restrictions in Proposition 218 by broadening the definition of taxes to include many payments previously considered to be fees or charges. In fact, Proposition 26 redefined a “tax” to include any levy, charge or exaction of any kind imposed by a local government, except for seven specifically defined exceptions that are considered fees. Fees and charges that do not fit one of the seven exceptions must receive voter approval. As a result, more state and local proposals to increase revenues would require approval by two-thirds of each house of the Legislature or by local voters. As a non-profit local governmental agency, a publicly owned utility may not have the means to absorb the costs of the nonpaying customer and would need to increase fees on other customers. Opponents argue that if a publicly owned utility that is an urban and community water system were to increase its fees to cover the costs of nonpaying customers, to do so could be seen as a tax subject to Proposition 26. They assert that the increased cost imposed on paying customers is a tax because the customer subject to the increase is not the beneficiary of the service rendered for that increased cost so there is no nexus to the increased payment. And while nothing in SB 223 specifically authorizes an urban and community water system to increase the fee of other ratepayers in order to cover the costs of a nonpaying customer, there is nothing in the language that prevents an urban and community water system from doing so either.

To ensure compliance with Proposition 26, if this bill moves forward, the Committee may wish to consider amending the bill to specify that fees shall be waived subject to constitutional restrictions.

- 4) *COVID-19 pandemic and moratorium.* As noted above, the moratorium on discontinuation of service in response to the COVID-19 pandemic is shielding customers from the loss of water (and other utility) service due to nonpayment. Nonetheless, some, perhaps most, of the customers who continue to receive service have growing debt from unpaid water bills (and likely other utility bills). The State Water Board estimates \$1 billion in household debt across the state as of January 2021. All of the debt is from non-payment of water bills. However, some water systems collect charges for other services, such as wastewater, stormwater, and energy on the water bill. The State Water Board's estimate of drinking-water specific debt is between \$600 and \$700 million. The top 10 Zip Codes with the highest levels of water debt are in Los Angeles, Santa Maria, Rancho Cordova, Colton, Bell Gardens, Norwalk, and Cypress. The water-debt crisis is most acute in Southern California, particularly in Los Angeles.
- 5) *Efforts to address growing under collection and debt due to nonpayment.* There are several efforts to help address the growing debt from unpaid utility bills. Most significantly, due to recent federal legislation, California, along with other states, expect to receive one-time funding to help customers with water crisis funding to alleviate debt, and help utilities with under collections. Additionally, water agencies and advocates continue to push for more federal and state funding as the anticipated allocation may fall short of the full need. The CPUC is also actively considering policy changes to address water utility customer debt, including exploring a similar AMP as that adopted for energy utilities. However, the proceeding remains open and active with stakeholders submitting responses to help shape the CPUC proposals. Based on the various comments submitted, there is a wide-range of views and concerns about adopting AMP for water utilities, as there is for this bill.
- 6) *Recent amendments related to AMPs.* As mentioned previously, AMPs provide customers with debt-relief (1/12 of their arrears for every monthly payment made on their current bill over 12 months) and are intended to help maintain service for customers, help reduce debt, and allow utilities to continue to collect revenues. Recent amendments taken in the Senate Energy, Utilities and Communications Committee make the establishment of AMPs by water utilities a consideration, but not a requirement. Specifically, SB 223, as amended, now requires the CPUC, by January 1, 2023, to *consider* establishing an AMP pilot program for urban and community water systems regulated by

the CPUC. For non-CPUC regulated water utilities, the bill requires systems, by January 1, 2023, to determine whether they *may* offer an AMP to aid low-income residential customers with high arrearages for water or wastewater service without using ratepayer funds. In making that determination, the bill allows systems to consider other system priorities that may limit the ability of establishing an AMP, such as the need for water quality improvements and infrastructure upgrades.

- 7) *Multifamily units and mobile-home parks.* SB 223 would *prohibit* an urban and community water systems or very small community water systems from discontinuing residential service for nonpayment by a landlord/owner to a master-metered multifamily residence or a master-metered mobile home park. The California Water Association (CWA) notes that existing PUC §12822 (and HSC § 116916) allows residents of multifamily units and mobile home parks to take over a utility service account when the account is in arrears by the owner and pending termination. CWA states that given existing statute, Section 116916 (b) of SB 223 is unnecessary because a pathway already exists in statute to allow renters to continue utility service. The California Municipal Utilities Association further suggests that such “a blanket prohibition would give a landlord carte blanche to not ever pay their bill.”

The Committee may wish to direct the author to work with stakeholders to address this concern before the bill is taken up on the Senate Floor.

- 8) *A work in progress.* While the author has taken numerous amendments to address committee and stakeholder concerns, more work is still needed. Some provisions are overly prescriptive and could present significant logistical issues for utilities to implement. For example, Section 116908 (c) stipulates that a customer who pays a water bill that is combined with billing for other services shall not have their water service discontinued for nonpayment if the customer has paid an amount equal to the charge for water service. Trying to separate out and allocate partial bill payments to one utility when you have multiple utilities on a bill would be prove time consuming and difficult to implement.

Should this bill move forward, the Committee may wish to direct the author to continue to work with committee staff and stakeholders to iron out further implementation details.

- 9) *Senate Judiciary Committee comments.* The following comment was provided by the staff of the Committee on Judiciary. SB 223 was referred to the Committee on Judiciary. The referral was subsequently rescinded because of the limitations placed on committee hearings due to ongoing health and safety

risks from the COVID-19 virus.

“The primary change that this bill makes in relation to the jurisdiction of the Senate Judiciary Committee has to do with enforcement. Existing law leaves enforcement of the water-shut off protections exclusively in the hands of the Attorney General, though it allows the Attorney General to undertake enforcement at the behest of the State Water Board. (Health & Saf. Code § 116920.) Under the bill, the Board itself is empowered to issue a compliance order and the Board itself may apply to the courts for injunctive relief to enforce protections against water shut-offs. Any order issued directly by the Board would presumably be subject to the Board’s notice, hearing, and appeals process that is applicable to other Board enforcement actions. (See, e.g., Water Code § 1834.) Nonetheless, assuming the bill moves forward, the author may at some point wish to draw an express connection in the bill to the precise notice, hearing, and appeals process that would be available to a respondent water agency in the event of a direct board order pursuant to this bill.”

Related/Prior Legislation

SB 401 (Dodd, Chapter 662, Statutes of 2015) required the State Water Board, in collaboration with the State Board of Equalization and stakeholders, to develop a plan for the funding and implementation of a new program to provide water rate relief for low-income ratepayers by January 1, 2018 and provide a corresponding report to the Legislature by February 1, 2018.

SB 998 (Dodd, Chapter 891, Statutes of 2018) required all public water systems (with more than 200 connections) to have a written policy on discontinuation of residential water service, provide that policy in multiple languages, include provisions for not shutting off water for certain customers that meet specified criteria, prohibit the shutoff of water service until the bill has been delinquent for 60 days, and cap the reconnection fees for restoring water service.

SB 200 (Monning, Chapter 120, Statutes of 2019) established the Safe and Affordable Drinking Water Fund (SADWF) to help water systems provide an adequate and affordable supply of safe drinking water in both the near and the long term. Beginning in fiscal year 2020-21 and until June 30, 2030, it annually transfers to the Safe and Affordable Drinking Water Fund five percent of the proceeds of the Greenhouse Gas Reduction Fund up to \$130 million. It further requires the State Water Board to adopt a fund implementation plan and requires expenditures of the fund to be consistent with the plan.

SOURCE: Clean Water Action, Community Water Center, Leadership Counsel for Justice and Accountability

SUPPORT:

Asian Americans Advancing Justice - California
California Coastkeeper Alliance
California League of Conservation Voters
Center for Community Action and Environmental Justice
Central California Environmental Justice Network
Central Coast Energy Services
Ceres
Clean Water Action
Community Water Center
Courage California
Defenders of Wildlife
Dolores Huerta Foundation
Environmental Defense Fund
Environmental Working Group
Friends Committee on Legislation of California
Leadership Counsel for Justice and Accountability
Local Government Commission
Natural Resources Defense Council.
Nextgen California
Physicians for Social Responsibility - Los Angeles
Planning and Conservation League
Policylink
Sierra Club California
Union of Concerned Scientists
Western Center on Law and Poverty

OPPOSITION:

Association of California Water Agencies (ACWA)
California Municipal Utilities Association
City of Oceanside
Cucamonga Valley Water District
Olivenhain Municipal Water District
Santa Margarita Water District
Southwest California Legislative Council
Walnut Valley Water District

ARGUMENTS IN SUPPORT: According to the bill’s sponsors, “No one should ever have their water shut off due to inability to pay, but Californians struggled with water affordability issues and experienced high numbers of water shutoffs even before the pandemic. Around 500,000 Californians were impacted by water shutoffs in 2019 according to State Water Board data. The water sector has long lacked a universal affordability state program and adequate shutoff and bill repayment protections for low-income households. Over 50% percent of Californians have a water service provider that does not offer water rate assistance to low-income customers. For water systems that do, enrollment rates are typically low. More broadly, less than 20% of the state’s low-income population served by community water systems currently receives benefits from a low-income rate assistance program.

“SB 222 and 223 are directly informed by and build on prior legislative action to address our current water affordability crisis. In 2015 the California Legislature passed AB 401 (Dodd), which required the State Water Board to create a plan for a statewide water affordability program and was released in early 2020 and helped inform this legislation. Then in 2018, the Legislature passed SB 998 (Dodd) which established for the first time a basic set of protections and protocols for water shutoffs. While SB 998 provides an important foundation, the pandemic has revealed a number of gaps in the statute that need to be addressed as quickly as possible to avoid families losing access to water and to better put them on track to repayment.”

ARGUMENTS IN OPPOSITION: According to the Association of California Water Agencies, “The water customer debt that has accrued during the COVID-19 pandemic should be addressed with a combination of federal and state one-time funds on an urgent basis. SB 223 is a fundamentally flawed long-term policy bill that, since its introduction, has focused on mandating debt forgiveness. This is the wrong approach. While locally elected officials make budgetary decisions based on a keen understanding of localized water management needs, this bill would essentially place the Legislature into the local board room, forcing all public water agencies to undergo an exhaustive analysis of whether non-ratepayer revenue “may” be used to forgive customer debt. It would mandate that if the agency found that it “may” offer an arrearage management plan (that includes debt forgiveness), the public agency would be required to do so and provide the required debt forgiveness. To the extent public water agencies have non-ratepayer revenue sources, this revenue is used to fund safe drinking water projects, investments in aging infrastructure, compliance with regulatory mandates, and more. As amended on April 20, the bill still presupposes that water agencies should prioritize debt forgiveness over other critical agency needs. Further, the bill

would re-write the State's new discontinuation of residential water service law (SB 998, Dodd, 2018) when full implementation of that new law not even occurred.”

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